



OFFICE OF
INSURANCE COMMISSIONER

HEARINGS UNIT
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Hearings Unit, DIC
Patricia D. Petersen
Chief Hearing Officer

Patricia D. Petersen
Chief Hearing Officer
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Wendy Galloway
Administrative Assistant
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wendyg@oic.wa.gov

In the matter of:

MELISSA H. MATSON,

Licensee.

No. D04-191

FINAL ORDER TERMINATING
PROCEEDING

TO: Melissa H. Matson
10309 North Fleetwood Street
Spokane, Washington 99208

AND TO: T. Jeffrey Keane, PLLC
14205 S.E. 36th Street, Suite 325
Bellevue, Washington 98006

COPY TO: Mike Kreidler, Insurance Commissioner
Michael G. Watson, Chief Deputy Insurance Commissioner
J. Scott Jarvis, Deputy Insurance Commissioner, Consumer Protection Div.
Mike Huske, WMS Manager, Consumer Protection Division
Carol Sureau, Deputy Insurance Commissioner, Legal Affairs
John Hamje, Staff Attorney for Legal Affairs
PO Box 40255
Olympia, WA 98504-0255

On September 30, 2004, Melissa H. Matson (Licensee) filed a Demand for Hearing to contest the Order Revoking License which was entered by the Insurance Commissioner (Commissioner) on September 1, 2004. On October 13, 2004, a first prehearing conference was held to discuss procedure to be expected during the hearing process and to answer all questions and concerns of the parties.

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Subsequently, the Licensee retained T. Jeffrey Keane, Esq., to represent her. Mr. Keane filed his Notice of Appearance on October 27, 2004, several additional prehearing conferences were held, which included all parties, and the hearing date was ultimately scheduled to commence on November 8, 2004.

The hearing was held on November 8, 2004 in Spokane, Washington, as scheduled. The parties agreed to present closing arguments at a later date, which was ultimately scheduled for February 11, 2004 in Tumwater, Washington.

Prior to the date scheduled to hear closing arguments, on February 8, 2005, the parties entered into a Stipulation, Consent, and Order which documented their agreement that the proceeding should be terminated based upon terms set forth therein.

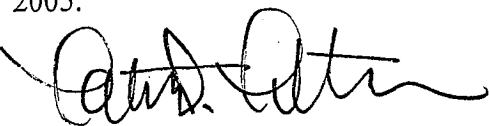
Based upon the above activity,

IT IS HEREBY DECLARED AND ORDERED that, pursuant to the above-referenced Stipulation, Consent, and Order, which is attached hereto and is by this reference incorporated herein,

1. The Licensee shall pay a fine of \$5,000 in two equal installments: the first installment will be due one month after the date this Order Terminating Proceeding is entered and the second will be due seven months after the date this Final Order Terminating Proceeding is entered;
2. The Licensee will not engage in conduct of the kind described in Stipulation Nos. three through nine attached; and,
3. Failure to comply with 1 and 2 directly above will result in the revocation of the Licensee's Washington insurance agent's license and the fine, if not paid in whole or in part, will be recovered in a civil action brought on behalf of the Commissioner by the Washington State Attorney General.

IT IS FURTHER ORDERED that, based upon the agreement of the parties, and in lieu of the Commissioner's revocation of her license for the conduct set forth in the attached Stipulation, Consent, and Order, and in lieu of any further proceedings in this matter, No. D04-191, **this proceeding is terminated with prejudice.**

THIS ORDER IS ENTERED AT TUMWATER, WASHINGTON, this 3rd day of March, 2005.



PATRICIA D. PETERSEN
Presiding Officer
Chief Hearing Officer



**OFFICE OF
INSURANCE COMMISSIONER**

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Hearings Unit, DIC
Patricia D. Petersen
Chief Hearing Officer

In the Matter of

MELISSA H. MATSON

Licensee.

No. D 04 - 191

STIPULATION, CONSENT, AND ORDER

Pursuant to RCW 34.05.060 and WAC 10-08-230(2), Melissa H. Matson, the Licensee, and the Office of Insurance Commissioner (OIC) hereby stipulate and agree to the following in resolution of this matter:

STIPULATED FACTS AND LAW

1. The Licensee holds an insurance agent's license issued by the OIC and holds a non-resident producer license issued by the Idaho Department of Insurance.
2. The OIC entered an "Order Revoking License" on September 1, 2004, revoking the Licensee's license effective September 21, 2004. Pursuant to RCW 48.04.010(1), the Licensee timely requested an administrative hearing which stayed the revocation of her license subject to entry of a final order in this proceeding.
3. In October 2003, the Licensee completed and submitted an annuity application on behalf of Donna Ostlin, a Washington resident, to Allianz Life Insurance Company of North America (Allianz). The annuity was not approved for sale in Washington but was approved for sale in Idaho. On Ms. Ostlin's application the Licensee misrepresented that the application had been signed in Idaho when, in fact, it had been signed in Washington. This conduct constitutes one or more violations of both RCW 48.18.100 and 48.30.210.
4. Also in October 2003, the Licensee completed and submitted an annuity application on behalf of Kermit Williams, a Washington resident, to Allianz. The annuity was not approved for sale in Washington but was approved for sale in Idaho. On Mr. William's application the Licensee misrepresented that the application had been signed in Idaho when, in fact, it had been signed in Washington. This conduct constitutes one or more violations of both RCW 48.18.100 and 48.30.210.
5. In July 2003, the Licensee completed and submitted an annuity application on behalf of Shirley K. Wiater, a Washington resident, to Allianz. The annuity was not approved for sale in Washington but was approved for sale in Idaho. On Ms. Wiater's application the Licensee misrepresented that the application had been signed in Idaho when, in fact, it had been signed in Washington. This conduct constitutes one or more violations of both RCW 48.18.100 and 48.30.210.



6. In November 2003, the Licensee completed and submitted annuity applications on behalf of Gerald and Dorothy Kleppinger, Washington residents, to Allianz. The annuities were not approved for sale in Washington but were approved for sale in Idaho. On Mr. and Mrs. Kleppinger's applications the Licensee misrepresented that the applications had been signed in Idaho when, in fact, they had been signed in Washington. This conduct constitutes one or more violations of both RCW 48.18.100 and 48.30.210.

7. In May 2003, the Licensee completed an application on behalf of William D. Faith, a Washington resident, for issuance of an annuity by Allianz. The annuity was not approved for sale in Washington but was approved for sale in Idaho. Mr. Faith was shown the sales presentation for the annuity by the Licensee in his home in Millwood, Washington. After he agreed to purchase the annuity, the Licensee invited Mr. Faith to dinner in Post Falls, Idaho, where he signed the application and other related paper work. The Licensee then delivered the annuity contract to Mr. Faith at his home in Millwood, Washington. This conduct constitutes one or more violations of RCW 48.18.100.

8. In November 2003, the Licensee submitted a life insurance application on behalf of Donna Ostlin to Clarica Life Insurance Company (Clarica). The Clarica policy was intended to replace an existing life insurance policy owned by Ms. Ostlin. For that reason, the Licensee completed a replacement form. Several of the Licensee's responses contained in the replacement form constitute misrepresentations as follows:

Question number 1 asked "Can there be reduced benefits or increased premiums in later years?" The Licensee answered the question "No" when in fact there can be increased premiums in later years. The replacement policy was a flexible premium, adjustable life insurance policy. The premiums may be increased in the future and / or the benefits reduced, depending on the performance of the insurance policy's interest fund.

Question number 2 asked "Are there penalties, set up or surrender charges for the new policy?" The Licensee answered the question "No" when in fact there are surrender penalties for a period of fourteen years.

Question number 8 asked "Are there other short- or long-term effects from the replacement that might be materially adverse?" The Licensee answered the question "No" when in fact the premiums can be increased or the death benefit reduced depending on how the market performance affects the performance of the policy funds.

This conduct constitutes one or more violations of RCW 48.30.090, 48.30.180, and WAC 284-23-440(2)(a).

9. In connection with the transactions described in Stipulations Nos. 5 and 6 above, the Allianz annuities replaced existing annuity contracts. The Licensee completed a replacement form prescribed by Idaho law in each instance rather than the form required by Washington State law. This conduct constitutes one or more violations of RCW 48.30.090, 48.30.180, and WAC 284-23-440(2)(a).

10. When Allianz offered to rescind the annuity contracts described above and refund the premiums, Ms. Ostlin, Mr. Williams and Mr. and Mrs. Kleppinger elected not to accept the offer. Upon acceptance of the offer by Ms. Wiater and by Mr. Faith, with respect to the annuity contracts described in Stipulations Nos. 5 and 7, Allianz rescinded the contracts, refunded premium, and, where applicable, paid additional amounts to restore the owners to the position which they would have occupied had the annuities never been purchased.

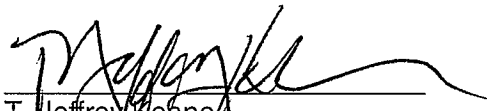
STIPULATION AND CONSENT TO ORDER

The Licensee hereby stipulates to the preceding facts and law and agrees to entry of the following orders. The Licensee enters into these stipulations voluntarily and in lieu of the OIC's revocation of her license for the conduct set forth above and in lieu of any further proceedings in Docket Number D 04-191.

- The Licensee has engaged in conduct that is not in accord with the standards established by the Washington Insurance Code and the regulations promulgated thereunder and she stipulates and agrees that she will not engage in conduct of the kind described in Stipulations Nos. three through nine above in the future.
- She further stipulates and agrees that the facts set forth above and these stipulations may be considered by the Commissioner in any future administrative action regarding the Licensee and that if she engages in any conduct of the kind described in Stipulations Nos. three through nine above, her Washington insurance agent's license will be revoked.
- The Licensee further stipulates and agrees that (1) she will pay a fine of \$5,000 in two equal installments: the first installment will be due one month after the date the Order Terminating Proceedings is signed, the second will be due seven months after the date the Order Terminating Proceedings is signed, (2) failure to pay such fine or any portion thereof when due shall constitute sufficient grounds for immediate revocation of the Licensee's Washington insurance agent's license, and (3) the fine may be recovered in a civil action brought on behalf of the Commissioner by the Washington State Attorney General.

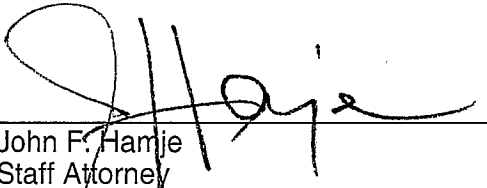
Signed this _____ day of February, 2005.

Melissa H. Matson
Licensee



T. Jeffrey Keane
Attorney for the Licensee

OFFICE OF INSURANCE COMMISSIONER (OIC)

By: 

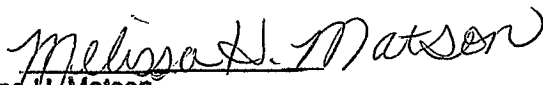
John F. Hamje
Staff Attorney

**STIPULATION, CONSENT, AND ORDER
PAGE 3****STIPULATION AND CONSENT TO ORDER**

The Licensee hereby stipulates to the preceding facts and law and agrees to entry of the following orders. The Licensee enters into these stipulations voluntarily and in lieu of the OIC's revocation of her license for the conduct set forth above and in lieu of any further proceedings in Docket Number D 04-191.

- The Licensee has engaged in conduct that is not in accord with the standards established by the Washington Insurance Code and the regulations promulgated thereunder and she stipulates and agrees that she will not engage in conduct of the kind described in Stipulations Nos. three through nine above in the future.
- She further stipulates and agrees that the facts set forth above and these stipulations may be considered by the Commissioner in any future administrative action regarding the Licensee and that if she engages in any conduct of the kind described in Stipulations Nos. three through nine above, her Washington Insurance agent's license will be revoked.
- The Licensee further stipulates and agrees that (1) she will pay a fine of \$5,000 in two equal installments: the first installment will be due one month after the date the Order Terminating Proceedings is signed, the second will be due seven months after the date the Order Terminating Proceedings is signed, (2) failure to pay such fine or any portion thereof when due shall constitute sufficient grounds for immediate revocation of the Licensee's Washington insurance agent's license, and (3) the fine may be recovered in a civil action brought on behalf of the Commissioner by the Washington State Attorney General.

Signed this 8 day of February, 2005.


Melissa H. Matson
Licensee

T. Jeffrey Keane
Attorney for the Licensee

OFFICE OF INSURANCE COMMISSIONER (OIC)

By: _____
John F. Hamje
Staff Attorney

ORDER

The conduct described in Stipulations Nos. three through nine above constitutes sufficient grounds for revocation of the Licensee's license. In lieu of revocation, IT IS ORDERED that pursuant to RCW 48.17.530 and 48.17.560 and the foregoing Stipulated Facts and Law and Stipulation and Consent to Order that:

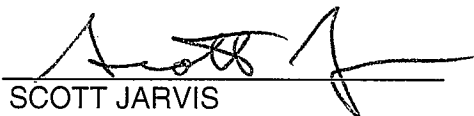
A. The Licensee will pay a fine of \$5,000 in two equal installments: the first installment will be due one month after the date the Order Terminating Proceedings is signed and the second will be due seven months after the date the Order Terminating Proceedings is signed.

B. The Licensee will not engage in conduct of the kind described in Stipulations Nos. three through nine above.

C. Failure to comply with A or B will result in the revocation of the Licensee's Washington insurance agent's license and the fine, if not paid in whole or in part, will be recovered in a civil action brought on behalf of the Commissioner by the Washington State Attorney General

ENTERED AT TUMWATER, WASHINGTON, this 10th day of February, 2005.

MIKE KREIDLER
Insurance Commissioner

By: 
SCOTT JARVIS
Deputy Insurance Commissioner
Consumer Protection Division

ORDER TERMINATING PROCEEDINGS

This matter having come before the undersigned Presiding Officer on the stipulation of the parties, pursuant to RCW 34.05.060, 48.17.530 and 48.17.560, and WAC 10-8-230(2) and the stipulation of the parties, it is hereby ordered that OIC Docket Number D 04-191 is closed and that this adjudicative proceeding is dismissed with prejudice to refiling the same.

SIGNED AND ENTERED THIS ____ day of February, 2005.

By: _____
PATRICIA D. PETERSEN
Chief Hearing Officer
State of Washington Office of Insurance Commissioner